

Company Registration No. 04366654 (England and Wales)

**HAZLITT HOLLAND-HIBBERT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2020**

# HAZLITT HOLLAND-HIBBERT LIMITED

## COMPANY INFORMATION

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**Directors**                      The Hon J Holland-Hibbert  
   J E M Morris

**Secretary**                      N P Hudson

**Company number**              04366654

**Registered office**              38 Bury Street  
   London  
   United Kingdom  
   SW1Y 6BB

**Auditor**                          Azets Audit Services  
   2nd Floor  
   Regis House  
   45 King William Street  
   London  
   United Kingdom  
   EC4R 9AN

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# HAZLITT HOLLAND-HIBBERT LIMITED

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# HAZLITT HOLLAND-HIBBERT LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 OCTOBER 2020**

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The directors present the strategic report for the year ended 31 October 2020.

### Review of the Business

The company continues to be one of the leading specialists in Modern and Contemporary British art. The gallery has become synonymous with putting on museum quality exhibitions of work within this area and has recently announced representation of three artist's estates. The business has a reputation for being successful in sourcing works privately for both stock and sale on consignment but strong demand for examples at the top end of the market continue to make for challenging business. Sales were impacted by the onset of COVID-19 but the company was able to maintain profitability and in October 2020 was able to mount an exhibition at the gallery.

### Principal Risks and Uncertainties

Since the start of COVID-19 in March 2020 trading conditions have been difficult. The closure of the gallery due to government restrictions and the cancellation of art fairs worldwide has meant that opportunities for business have diminished. The use of online viewing rooms and sales have been helpful but cannot fully compensate for the loss of face to face contact. The resumption of important art fairs such as ArtBasel and Frieze remain uncertain while international travel is under restriction and it is unclear how the fairs will look in terms of size and scope over the coming year. At the same time the major auction houses have become more active in the market and the art market is adjusting to these new conditions.

At the same time demand for quality works from the twentieth century remains strong and is less vulnerable to price fluctuations due to the ongoing popularity of works by established artists. The company depends on the ability to source works and the availability of work at a fair price remains a risk the directors are monitoring year round.

### Financial Key Performance Indicators

The directors do not consider in the context of the art market that there are any consistent key performance indicators which would be truly indicative of the company's underlying performance.

### Financial Risk Management

The company is funded by equity, bank loans and normal business cash flows. The directors have considered the company's exposure to price, foreign exchange, credit, liquidity and cash flow risks.

### Strategy and Future Outlook

The company continues to look for trading opportunities in its main twentieth century and contemporary markets and is looking to show case work at its gallery while looking for potential acquisitions for improve stock. Continued support from the company's bank enables purchases to be made when the opportunities arise. In the current market and conditions future sales are difficult to predict but the market remains in good health and signs of activity have been returning. The directors therefore expect that profitability will be maintained in the coming year.

On behalf of the board

J E M Morris  
**Director**

3 June 2021

# HAZLITT HOLLAND-HIBBERT LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 OCTOBER 2020**

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The directors present their annual report and financial statements for the year ended 31 October 2020.

### Principal activities

The principal activity of the company continued to be that of fine art dealers.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

The Hon J Holland-Hibbert

J E M Morris

A F Spink

(Resigned 4 November 2019)

### Results and dividends

The profit for the period, after taxation, amounted to £731,988 (2019: £1,049,834).

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### Information in the Strategic Report

Both future development and financial risk management and exposure have been included in the Strategic Report instead of Directors' Report under S414C(11).

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

J E M Morris

**Director**

3 June 2021

## **HAZLITT HOLLAND-HIBBERT LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 OCTOBER 2020***

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# HAZLITT HOLLAND-HIBBERT LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF HAZLITT HOLLAND-HIBBERT LIMITED

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#### Opinion

We have audited the financial statements of Hazlitt Holland-Hibbert Limited (the 'company') for the year ended 31 October 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# **HAZLITT HOLLAND-HIBBERT LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF HAZLITT HOLLAND-HIBBERT LIMITED**

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



## **HAZLITT HOLLAND-HIBBERT LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF HAZLITT HOLLAND-HIBBERT LIMITED**

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##### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**John Howard (Senior Statutory Auditor)**  
**For and on behalf of Azets Audit Services**

15 June 2021

**Chartered Accountants**  
**Statutory Auditor**

2nd Floor  
Regis House  
45 King William Street  
London  
United Kingdom  
EC4R 9AN

# HAZLITT HOLLAND-HIBBERT LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 OCTOBER 2020

	Notes	2020 £	2019 £
<b>Turnover</b>	<b>3</b>	10,379,955	29,528,819
Cost of sales		(8,086,524)	(26,546,738)
<b>Gross profit</b>		2,293,431	2,982,081
Administrative expenses		(1,079,653)	(1,751,734)
Other operating income		5,903	-
<b>Operating profit</b>	<b>4</b>	1,219,681	1,230,347
Interest payable and similar expenses	<b>7</b>	(409,879)	(509,710)
Gains from future forward exchange contracts		-	44,398
<b>Profit before taxation</b>		809,802	765,035
Tax on profit	<b>8</b>	(77,814)	284,799
<b>Profit for the financial year</b>		731,988	1,049,834

# HAZLITT HOLLAND-HIBBERT LIMITED

## BALANCE SHEET

AS AT 31 OCTOBER 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	9		60,630		65,147
<b>Current assets</b>					
Stocks	11	15,610,117		14,691,980	
Debtors	12	13,298,848		13,150,862	
Cash at bank and in hand		1,160,889		312,588	
		<u>30,069,854</u>		<u>28,155,430</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(7,872,243)</u>		<u>(7,194,324)</u>	
<b>Net current assets</b>			22,197,611		20,961,106
<b>Total assets less current liabilities</b>			<u>22,258,241</u>		<u>21,026,253</u>
<b>Creditors: amounts falling due after more than one year</b>	15		<u>(9,500,000)</u>		<u>(9,000,000)</u>
<b>Net assets</b>			<u>12,758,241</u>		<u>12,026,253</u>
<b>Capital and reserves</b>					
Called up share capital	18		200,000		200,000
Share premium account			800,000		800,000
Profit and loss reserves			<u>11,758,241</u>		<u>11,026,253</u>
<b>Total equity</b>			<u>12,758,241</u>		<u>12,026,253</u>

The financial statements were approved by the board of directors and authorised for issue on 3 June 2021 and are signed on its behalf by:

J E M Morris  
Director

Company Registration No. 04366654

# HAZLITT HOLLAND-HIBBERT LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2020

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
<b>Balance at 1 November 2018</b>	200,000	800,000	9,976,419	10,976,419
<b>Period ended 31 October 2019:</b>				
Profit and total comprehensive income for the period	-	-	1,049,834	1,049,834
<b>Balance at 31 October 2019</b>	200,000	800,000	11,026,253	12,026,253
<b>Year ended 31 October 2020:</b>				
Profit and total comprehensive income for the year	-	-	731,988	731,988
<b>Balance at 31 October 2020</b>	200,000	800,000	11,758,241	12,758,241

# HAZLITT HOLLAND-HIBBERT LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2020

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	21	804,127		3,250,909	
Interest paid		(409,879)		(509,710)	
Income taxes paid		(45,947)		(675,463)	
<b>Net cash inflow from operating activities</b>		<u>348,301</u>		<u>2,065,736</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		-		(7,805)	
<b>Net cash used in investing activities</b>		<u>-</u>		<u>(7,805)</u>	
<b>Financing activities</b>					
Issue of bank loans		500,000		-	
<b>Net cash generated from/(used in) financing activities</b>		<u>500,000</u>		<u>-</u>	
<b>Net increase in cash and cash equivalents</b>		<u>848,301</u>		<u>2,057,931</u>	
Cash and cash equivalents at beginning of year		312,588		(1,745,343)	
<b>Cash and cash equivalents at end of year</b>		<u><u>1,160,889</u></u>		<u><u>312,588</u></u>	

# HAZLITT HOLLAND-HIBBERT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2020

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### 1 Accounting policies

#### Company information

Hazlitt Holland-Hibbert Limited is a private company limited by shares incorporated in England and Wales. The registered office is 38 Bury Street, London, United Kingdom, SW1Y 6BB.

#### 1.1 Accounting convention

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

#### 1.2 Going concern

The directors have considered the impact of COVID-19 and the resulting closure of the gallery for periods of time on the future viability of the company. The directors are of the opinion that given the positive trading result for the period, profitability since the year end and the high value of the Company's stock which provides a secure basis for future trade, the financial statements have been prepared on a going concern basis.

#### 1.3 Turnover

Turnover comprises the invoiced value of works of art and commissions charged for advice supplied by the company, exclusive of Value Added Tax. Invoices are raised upon despatch of the works of art or provision of the service to the customer.

#### 1.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	15% reducing balance
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

#### 1.5 Stocks

Stocks are stated at the lower of cost and directors' estimation of net realisable value after making due allowance for obsolete and slow-moving stock.

Where stock is jointly held with other parties we only recognise the proportion of stock we hold.

# HAZLITT HOLLAND-HIBBERT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

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### 1 Accounting policies

(Continued)

#### 1.6 Financial instruments

##### **Basic financial assets**

The Company's financial assets comprise basic financial instruments, being trade and other receivables and cash and bank balances.

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of no more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

Trade and other receivables are measured at transaction price less any impairment. Any impairment loss is recognised in the Statement of Comprehensive Income.

The impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets are derecognised when contractual rights to the cash flows from the financial asset expire or are settled, or when substantially all the risks and rewards of ownership have been transferred.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

# HAZLITT HOLLAND-HIBBERT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

The Company's financial liabilities comprise basic financial liabilities, being trade and other payables, loans from banks and accruals. Short term creditors are initially recognised at transaction price and are subsequently measured at amortised cost. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.7 Derivatives

The fair value gain or loss on foreign currency forward contracts is recognised in the Statement of Comprehensive Income. The carrying value of the assets and liabilities of the relevant contracts is determined by using the forward rate at the contract end date.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

### 1.8 Taxation

#### **Current tax**

The charge for current tax is based on the result for the year adjusted for disallowable items. It is calculated using the tax rates that have been enacted or substantially enacted by the reporting date.

#### **Deferred tax**

Deferred tax is provided in full on timing differences which result in an obligation at the reporting period end to pay more tax, or a right to pay less tax, at a future date, at rates that are expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in the taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely that not that they will be recovered.



# HAZLITT HOLLAND-HIBBERT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

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### 1 Accounting policies

(Continued)

#### 1.9 Retirement benefits

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

#### 1.10 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.11 Foreign exchange

The functional currency is determined to be pound sterling.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

#### 1.12 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 1.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when they are paid. Final equity dividends are recognised when approved by the shareholders at the annual general meeting.

### 2 Judgements and key sources of estimation uncertainty

Estimate and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance.

# HAZLITT HOLLAND-HIBBERT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

### 2 Judgements and key sources of estimation uncertainty

(Continued)

#### Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimate and assumption that has a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are: -

Stock valuation - Stock is valued at the lower of cost and directors' estimation of net realisable value after making due allowance for obsolete and slow-moving stock. This requires an assessment of any stock impairment required based on current market conditions and the historical experience of selling works of a similar nature. A change in market conditions may have a material impact on the estimation of the valuation.

### 3 Turnover and other revenue

	2020	2019
	£	£
<b>Turnover analysed by class of business</b>		
Stock sales	9,504,929	28,295,896
Commissions receivable	421,600	582,500
Other income	453,426	650,423
	<u>10,379,955</u>	<u>29,528,819</u>
	<u><u>10,379,955</u></u>	<u><u>29,528,819</u></u>
	2020	2019
	£	£
<b>Other operating income</b>		
Grants received	5,903	-
	<u>5,903</u>	<u>-</u>
	<u><u>5,903</u></u>	<u><u>-</u></u>

The Company has made sales worldwide during the year however turnover has not been split between these markets as, in the opinions of the directors, the markets do not differ substantially.

Grants received represents amounts receivable from the job retention scheme claimed by the company for staff that were furloughed due to COVID-19.

### 4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	-	64,414
Government grants	(5,903)	-
Fees payable to the company's auditor for the audit of the company's financial statements	14,800	14,750
Depreciation of owned tangible fixed assets	4,517	10,652
Operating lease charges	53,700	132,510
	<u>53,700</u>	<u>132,510</u>
	<u><u>53,700</u></u>	<u><u>132,510</u></u>

# HAZLITT HOLLAND-HIBBERT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Management	1	1
Administration	6	6
	<u>7</u>	<u>7</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	434,454	556,764
Social security costs	49,096	64,090
Pension costs	20,002	11,751
	<u>503,552</u>	<u>632,605</u>

There are no individuals other than the directors who are considered to be key management personnel. Directors are remunerated as detailed in Note 6.

### 6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	<u>219,378</u>	<u>367,252</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 1 (2019 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	<u>219,378</u>	<u>367,252</u>

# HAZLITT HOLLAND-HIBBERT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

### 7 Interest payable and similar expenses

	2020	2019
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	409,879	509,710
	<u>          </u>	<u>          </u>

### 8 Taxation

	2020	2019
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	31,315	37,886
Adjustments in respect of prior periods	46,499	(322,685)
	<u>          </u>	<u>          </u>
Total current tax	77,814	(284,799)
	<u>          </u>	<u>          </u>

The actual charge/(credit) for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020	2019
	£	£
Profit before taxation	809,802	765,035
	<u>          </u>	<u>          </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	153,862	145,357
Tax effect of expenses that are not deductible in determining taxable profit	-	5,699
Group relief	(123,362)	(113,657)
Capital allowances in excess of depreciation	815	487
Adjustments to tax charge in respect of previous periods	46,499	(322,685)
	<u>          </u>	<u>          </u>
Taxation charge/(credit) for the year	77,814	(284,799)
	<u>          </u>	<u>          </u>

# HAZLITT HOLLAND-HIBBERT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

### 9 Tangible fixed assets

	Fixtures and fittings £
<b>Cost</b>	
At 1 November 2019 and 31 October 2020	115,829
<b>Depreciation and impairment</b>	
At 1 November 2019	50,682
Depreciation charged in the year	4,517
At 31 October 2020	55,199
<b>Carrying amount</b>	
At 31 October 2020	60,630
At 31 October 2019	65,147

### 10 Financial instruments

	2020 £	2019 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	13,260,907	12,468,304
Instruments measured at fair value through profit or loss	-	44,398
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	17,232,072	16,125,538

Financial assets measured at fair value through profit or loss comprises of a forward rate contract as detailed in note 13.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and other debtors, excluding VAT.

Financial liabilities measured at amortised cost comprise trade creditors, bank loans and other creditors.

### 11 Stocks

	2020 £	2019 £
Stocks	15,610,117	14,691,980

Total carrying amount of inventories pledged as charges was £3,655,285 (2019: £2,989,041).

Included within stock is £3,679,927 (2019: £2,098,338) of stock jointly held with other parties.

# HAZLITT HOLLAND-HIBBERT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

### 12 Debtors

	2020	2019
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	11,039,547	12,193,692
Unpaid share capital	5,000	5,000
Derivative financial instruments	-	44,398
Other debtors	2,219,575	886,610
Prepayments and accrued income	34,726	21,162
	<u>13,298,848</u>	<u>13,150,862</u>

Included within other debtors are amounts owed by group companies and related parties totalling £2,202,980 (2019 : £272,637).

Derivative financial instruments is detailed in note 13.

### 13 Forward contracts

As at 31 October 2019 the company was committed to purchasing a total of \$4,400,000 under a forward rate contract maturing on 08/01/2020 to settle debtors arising in the normal course of trade.

The company recognised an exchange loss of £64,414 and profit on derivative of £44,398 arising on the forward contract in these financial statements.

There are no forward rate contracts as at 31 October 2020.

### 14 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	6,309,484	5,926,809
Corporation tax	69,468	37,601
Other taxation and social security	70,703	31,185
Other creditors	1,309,794	1,101,351
Accruals and deferred income	112,794	97,378
	<u>7,872,243</u>	<u>7,194,324</u>

Included within trade creditors and other creditors are amounts owed to group companies and related parties totalling £600,000 (2019: £276,411) and £850,968 (2019: £661,101) respectively.

### 15 Creditors: amounts falling due after more than one year

	Notes	2020	2019
		£	£
Bank loans and overdrafts	16	<u>9,500,000</u>	<u>9,000,000</u>

## HAZLITT HOLLAND-HIBBERT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

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**15 Creditors: amounts falling due after more than one year** (Continued)

**Secured loan**

The bank loans and overdrafts are secured by fixed and floating charges over the trade and assets of the company.

**16 Loans and overdrafts**

	2020 £	2019 £
Bank loans	9,500,000	9,000,000
	<u>          </u>	<u>          </u>
Payable after one year	9,500,000	9,000,000
	<u>          </u>	<u>          </u>

**17 Retirement benefit schemes**

	2020 £	2019 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	20,002	11,751
	<u>          </u>	<u>          </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

**18 Share capital**

	2020 £	2019 £
<b>Ordinary share capital</b>		
<b>Issued and not fully paid</b>		
200,000 Ordinary shares of £1 each	200,000	200,000
	<u>          </u>	<u>          </u>

All shares rank in pari passu in all aspects.

# HAZLITT HOLLAND-HIBBERT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

### 19 Related party transactions

During the year, the company incurred sales to James Holland-Hibbert Limited of £216,872 and purchases of £nil (2019: £235,000). At the year end, the company owed £222,975 (2019: £276,411) to James Holland-Hibbert Limited. This balance arose as a result of financing transactions. This entity is related by virtue of a common director J. Holland-Hibbert.

During the year, the company incurred purchases from Arnold Wiggins and Sons Limited of £nil (2019: £550). At the year end, the company owed £2,568 (2019: £5,676) to Arnold Wiggins and Sons Limited. This balance arose as a result of financing transactions. This entity is related by virtue of a common ownership.

During the year, the company incurred purchases from to Hazlitt Gooden & Fox Limited of £20,000 (2019: £nil). At the year end, the company owed £225,425 (2019: £205,425) to Hazlitt Gooden & Fox Limited. This balance arose as a result of financing transactions. This entity is related by virtue of a common director J. Morton Morris.

At the year end, the company was owed £2,152,980 (2019: £222,637) by Hazlitt Limited. This balance arose as a result of financing transactions. This entity is related by virtue of a common director J. Morton Morris.

At the year end, the company was owed £50,000 (2019: £50,000) by Hazlitt Fine Art Holdings Limited. This balance arose as a result of financing transactions. This entity is related by virtue of a common director J. Morton Morris.

At the year end, the company owed £600,000 (2019: £nil) to Modern Masters Limited. This balance arose as a result of financing transactions. This entity is related by virtue of a common director J. Morton Morris.

At the year end, the company owed £400,000 (2019: £450,000) to James Holland-Hibbert, a director of the company.

### 20 Ultimate controlling party

There is no ultimate controlling party.

### 21 Cash generated from operations

	2020 £	2019 £
Profit for the year after tax	731,988	1,049,834
<b>Adjustments for:</b>		
Taxation charged/(credited)	77,814	(284,799)
Finance costs	409,879	509,710
Depreciation and impairment of tangible fixed assets	4,517	10,652
Gains from future forward contracts	-	(44,398)
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(918,137)	5,080,199
Increase in debtors	(147,986)	(8,622,507)
Increase in creditors	646,052	5,552,218
<b>Cash generated from operations</b>	<b>804,127</b>	<b>3,250,909</b>



## HAZLITT HOLLAND-HIBBERT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 31 OCTOBER 2020*

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**22 Analysis of changes in net debt**

	<b>1 November 2019 £</b>	<b>Cash flows £</b>	<b>31 October 2020 £</b>
Cash at bank and in hand	312,588	848,301	1,160,889
Borrowings excluding overdrafts	(9,000,000)	(500,000)	(9,500,000)
	<u>(8,687,412)</u>	<u>348,301</u>	<u>(8,339,111)</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.